

**Senate File 257 - Reprinted**

SENATE FILE 257

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 1168)

(As Amended and Passed by the Senate February 24, 2015)

**A BILL FOR**

1 An Act relating to transportation funding by limiting the term  
2 of indebtedness for certain county projects, modifying  
3 certain permit fees, modifying the rate of the excise taxes  
4 on motor fuel and certain special fuel, establishing a fuel  
5 distribution percentage formula for certain special fuel  
6 used in motor vehicles, requiring legislative review of  
7 the fuel distribution percentage formulas, extending the  
8 repeal date of the access Iowa highway plan, and including  
9 effective date provisions.  
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1. NEW SECTION.   **312.2A Restrictions on use.**

2     Moneys credited pursuant to section 312.2, subsection  
3 1, paragraphs "b" and "c", and section 312.2, subsection  
4 12, paragraph "a", shall not be used for debt service or to  
5 otherwise pay principal and interest on bonds, loans, or other  
6 indebtedness issued or incurred on or after the effective date  
7 of this section of this Act, including refunding, reissuance,  
8 or other refinancing of such indebtedness, or refunding,  
9 reissuance, or other refinancing of indebtedness issued or  
10 incurred prior to the effective date of this section of this  
11 Act, if the term for repayment of the indebtedness as financed  
12 or refinanced would exceed the useful life of the asset being  
13 constructed, reconstructed, improved, repaired, equipped, or  
14 maintained.

15     Sec. 2. NEW SECTION.   **315.4A Restrictions on use.**

16     Moneys allocated pursuant to section 315.4, subsection 1,  
17 paragraph "b", and section 315.4, subsection 2, shall not  
18 be used for debt service or to otherwise pay principal and  
19 interest on bonds, loans, or other indebtedness issued or  
20 incurred on or after the effective date of this section of this  
21 Act, including refunding, reissuance, or other refinancing  
22 of such indebtedness, or refunding, reissuance, or other  
23 refinancing of indebtedness issued or incurred prior to  
24 the effective date of this section of this Act, if the term  
25 for repayment of the indebtedness as financed or refinanced  
26 would exceed the useful life of the asset being constructed,  
27 reconstructed, improved, repaired, equipped, or maintained.

28     Sec. 3. Section 321E.14, subsection 1, Code 2015, is amended  
29 to read as follows:

30     1. Permit-issuing authorities may charge the following  
31 fees:

32     a. ~~Twenty-five~~ Fifty dollars for an annual permit issued  
33 pursuant to section 321E.8, subsection 1.

34     b. ~~Three~~ Four hundred dollars for an annual permit issued  
35 pursuant to section 321E.8, subsection 2.

1     *c.* Two hundred dollars for a multi-trip permit issued  
2 pursuant to section 321E.9A.

3     *d.* Six hundred dollars for a special alternative energy  
4 multi-trip permit issued pursuant to section 321E.9B.

5     *e.* ~~Ten~~ Thirty-five dollars for a single-trip permit issued  
6 pursuant to section 321E.9.

7     *f.* Twenty-five dollars for an annual permit for special  
8 mobile equipment, as defined in section 321.1, subsection  
9 74, issued pursuant to section 321E.7, subsection 3, with a  
10 combined gross weight of not more than eighty thousand pounds.

11    *g.* Twenty-five dollars for a permit issued pursuant to  
12 section 321E.29 or 321E.29A.

13    *h.* One hundred dollars for a permit issued pursuant to  
14 section 321E.30.

15    *i.* One hundred ~~twenty~~ sixty dollars for an annual  
16 all-systems permit issued pursuant to section 321E.8, which  
17 shall be deposited in the road use tax fund.

18    Sec. 4. NEW SECTION. 331.443A **Restrictions on certain**  
19 **projects.**

20    The term of any indebtedness issued or incurred by a county  
21 that will be paid in whole or in part with moneys from the  
22 secondary road fund of the counties, the farm-to-market road  
23 fund, the county bridge construction fund, or the revitalize  
24 Iowa's sound economy fund, or any other moneys that may be  
25 allocated from the road use tax fund for use by counties, shall  
26 be subject to the provisions of sections 312.2A and 315.4A.

27    Sec. 5. Section 452A.3, subsection 1, unnumbered paragraph  
28 1, Code 2015, is amended to read as follows:

29    Except as otherwise provided in this section and in this  
30 division, until June 30, ~~2015~~ 2020, this subsection shall apply  
31 to the excise tax imposed on each gallon of motor fuel used for  
32 any purpose for the privilege of operating motor vehicles in  
33 this state.

34    Sec. 6. Section 452A.3, subsection 1, paragraph b, Code  
35 2015, is amended to read as follows:

1     *b.* The rate for the excise tax shall be as follows:

2     (1) If the distribution percentage is not greater than  
3 fifty percent, the rate shall be ~~nineteen~~ twenty-nine cents for  
4 ethanol blended gasoline and ~~twenty~~ thirty cents for motor fuel  
5 other than ethanol blended gasoline.

6     (2) If the distribution percentage is greater than fifty  
7 percent but not greater than fifty-five percent, the rate shall  
8 be ~~nineteen~~ twenty-nine cents for ethanol blended gasoline and  
9 ~~twenty~~ thirty and one-tenth cents for motor fuel other than  
10 ethanol blended gasoline.

11    (3) If the distribution percentage is greater than  
12 fifty-five percent but not greater than sixty percent, the  
13 rate shall be ~~nineteen~~ twenty-nine cents for ethanol blended  
14 gasoline and ~~twenty~~ thirty and three-tenths cents for motor  
15 fuel other than ethanol blended gasoline.

16    (4) If the distribution percentage is greater than sixty  
17 percent but not greater than sixty-five percent, the rate shall  
18 be ~~nineteen~~ twenty-nine cents for ethanol blended gasoline and  
19 ~~twenty~~ thirty and five-tenths cents for motor fuel other than  
20 ethanol blended gasoline.

21    (5) If the distribution percentage is greater than  
22 sixty-five percent but not greater than seventy percent, the  
23 rate shall be ~~nineteen~~ twenty-nine cents for ethanol blended  
24 gasoline and ~~twenty~~ thirty and seven-tenths cents for motor  
25 fuel other than ethanol blended gasoline.

26    (6) If the distribution percentage is greater than seventy  
27 percent but not greater than seventy-five percent, the rate  
28 shall be ~~nineteen~~ twenty-nine cents for ethanol blended  
29 gasoline and ~~twenty-one~~ thirty-one cents for motor fuel other  
30 than ethanol blended gasoline.

31    (7) If the distribution percentage is greater than  
32 seventy-five percent but not greater than eighty percent, the  
33 rate shall be ~~nineteen~~ twenty-nine and three-tenths cents for  
34 ethanol blended gasoline and ~~twenty~~ thirty and eight-tenths  
35 cents for motor fuel other than ethanol blended gasoline.

1 (8) If the distribution percentage is greater than eighty  
2 percent but not greater than eighty-five percent, the rate  
3 shall be ~~nineteen~~ twenty-nine and five-tenths cents for ethanol  
4 blended gasoline and ~~twenty~~ thirty and seven-tenths cents for  
5 motor fuel other than ethanol blended gasoline.

6 (9) If the distribution percentage is greater than  
7 eighty-five percent but not greater than ninety percent, the  
8 rate shall be ~~nineteen~~ twenty-nine and seven-tenths cents for  
9 ethanol blended gasoline and ~~twenty~~ thirty and four-tenths  
10 cents for motor fuel other than ethanol blended gasoline.

11 (10) If the distribution percentage is greater than ninety  
12 percent but not greater than ninety-five percent, the rate  
13 shall be ~~nineteen~~ twenty-nine and nine-tenths cents for ethanol  
14 blended gasoline and ~~twenty~~ thirty and one-tenth cents for  
15 motor fuel other than ethanol blended gasoline.

16 (11) If the distribution percentage is greater than  
17 ninety-five percent, the rate shall be ~~twenty~~ thirty cents for  
18 ethanol blended gasoline and ~~twenty~~ thirty cents for motor fuel  
19 other than ethanol blended gasoline.

20 Sec. 7. Section 452A.3, subsection 1, Code 2015, is amended  
21 by adding the following new paragraph:

22 NEW PARAGRAPH. c. The provisions of paragraph "b" and  
23 subsection 6, paragraph "a", subparagraph (2), shall be  
24 subject to legislative review at least every six years. The  
25 review shall be based upon a fuel distribution percentage  
26 formula status report containing the recommendations of a  
27 legislative interim committee appointed to conduct a review  
28 of the fuel distribution percentage formulas, to be prepared  
29 with the assistance of the department of revenue in association  
30 with the department of transportation. The report shall  
31 include recommendations for changes or revisions to the  
32 fuel distribution percentage formulas based upon advances  
33 in technology, fuel use trends, and fuel price fluctuations  
34 observed during the preceding six-year interval; an analysis  
35 of the operation of the fuel distribution percentage formulas

1 during the preceding six-year interval; and a summary of issues  
 2 that have arisen since the previous review and potential  
 3 approaches for resolution of those issues. The first such  
 4 report shall be submitted to the general assembly no later  
 5 than January 1, 2020, with subsequent reports developed and  
 6 submitted by January 1 at least every sixth year thereafter.

7 Sec. 8. Section 452A.3, subsection 2, Code 2015, is amended  
 8 to read as follows:

9 2. Except as otherwise provided in this section and in this  
 10 division, after June 30, ~~2015~~ 2020, an excise tax of ~~twenty~~  
 11 thirty cents is imposed on each gallon of motor fuel used for  
 12 any purpose for the privilege of operating motor vehicles in  
 13 this state.

14 Sec. 9. Section 452A.3, subsection 6, Code 2015, is amended  
 15 to read as follows:

16 6. a. For the privilege of operating motor vehicles or  
 17 aircraft in this state, there is imposed an excise tax on the  
 18 use of special fuel in a motor vehicle or aircraft. ~~The tax~~  
 19 ~~rate on special fuel for diesel engines of motor vehicles is~~  
 20 ~~twenty-two and one-half cents per gallon.~~

21 (1) Except as otherwise provided in this section and in  
 22 this division, for the period ending June 30, 2015, and for the  
 23 period beginning July 1, 2020, and thereafter, the tax rate on  
 24 special fuel for diesel engines of motor vehicles used for any  
 25 purpose for the privilege of operating motor vehicles in this  
 26 state is thirty-two and five-tenths cents per gallon.

27 (2) Except as provided in this section and in this division,  
 28 for the period beginning July 1, 2015, and ending June 30,  
 29 2020, this subparagraph shall apply to the excise tax imposed  
 30 on each gallon of special fuel for diesel engines of motor  
 31 vehicles used for any purpose for the privilege of operating  
 32 motor vehicles in this state. The rate of the excise tax  
 33 shall be based on the number of gallons of biodiesel blended  
 34 fuel classified as B-11 or higher that is distributed in this  
 35 state as expressed as a percentage of the number of gallons of

1 special fuel for diesel engines of motor vehicles distributed  
2 in this state, which is referred to as the distribution  
3 percentage. The department shall determine the percentage  
4 basis for each determination period beginning January 1 and  
5 ending December 31. The rate for the excise tax shall apply  
6 for the period beginning July 1 and ending June 30 following  
7 the end of the determination period. The rate for the excise  
8 tax shall be as follows:

9     (a) If the distribution percentage is not greater than fifty  
10 percent, the rate shall be twenty-nine and five-tenths cents  
11 for biodiesel blended fuel classified as B-11 or higher and  
12 thirty-two and five-tenths cents for special fuel for diesel  
13 engines of motor vehicles other than biodiesel blended fuel  
14 classified as B-11 or higher.

15     (b) If the distribution percentage is greater than fifty  
16 percent but not greater than fifty-five percent, the rate  
17 shall be twenty-nine and eight-tenths cents for biodiesel  
18 blended fuel classified as B-11 or higher and thirty-two and  
19 five-tenths cents for special fuel for diesel engines of motor  
20 vehicles other than biodiesel blended fuel classified as B-11  
21 or higher.

22     (c) If the distribution percentage is greater than  
23 fifty-five percent but not greater than sixty percent, the rate  
24 shall be thirty and one-tenth cents for biodiesel blended fuel  
25 classified as B-11 or higher and thirty-two and five-tenths  
26 cents for special fuel for diesel engines of motor vehicles  
27 other than biodiesel blended fuel classified as B-11 or higher.

28     (d) If the distribution percentage is greater than sixty  
29 percent but not greater than sixty-five percent, the rate shall  
30 be thirty and four-tenths cents for biodiesel blended fuel  
31 classified as B-11 or higher and thirty-two and five-tenths  
32 cents for special fuel for diesel engines of motor vehicles  
33 other than biodiesel blended fuel classified as B-11 or higher.

34     (e) If the distribution percentage is greater than  
35 sixty-five percent but not greater than seventy percent, the

1 rate shall be thirty and seven-tenths cents for biodiesel  
2 blended fuel classified as B-11 or higher and thirty-two and  
3 five-tenths cents for special fuel for diesel engines of motor  
4 vehicles other than biodiesel blended fuel classified as B-11  
5 or higher.

6 (f) If the distribution percentage is greater than seventy  
7 percent but not greater than seventy-five percent, the rate  
8 shall be thirty-one cents for biodiesel blended fuel classified  
9 as B-11 or higher and thirty-two and five-tenths cents for  
10 special fuel for diesel engines of motor vehicles other than  
11 biodiesel blended fuel classified as B-11 or higher.

12 (g) If the distribution percentage is greater than  
13 seventy-five percent but not greater than eighty percent, the  
14 rate shall be thirty-one and three-tenths cents for biodiesel  
15 blended fuel classified as B-11 or higher and thirty-two and  
16 five-tenths cents for special fuel for diesel engines of motor  
17 vehicles other than biodiesel blended fuel classified as B-11  
18 or higher.

19 (h) If the distribution percentage is greater than eighty  
20 percent but not greater than eighty-five percent, the rate  
21 shall be thirty-one and six-tenths cents for biodiesel  
22 blended fuel classified as B-11 or higher and thirty-two and  
23 five-tenths cents for special fuel for diesel engines of motor  
24 vehicles other than biodiesel blended fuel classified as B-11  
25 or higher.

26 (i) If the distribution percentage is greater than  
27 eighty-five percent but not greater than ninety percent, the  
28 rate shall be thirty-one and nine-tenths cents for biodiesel  
29 blended fuel classified as B-11 or higher and thirty-two and  
30 five-tenths cents for special fuel for diesel engines of motor  
31 vehicles other than biodiesel blended fuel classified as B-11  
32 or higher.

33 (j) If the distribution percentage is greater than ninety  
34 percent but not greater than ninety-five percent, the rate  
35 shall be thirty-two and two-tenths cents for biodiesel



1 blended fuel classified as B-11 or higher and thirty-two and  
2 five-tenths cents for special fuel for diesel engines of motor  
3 vehicles other than biodiesel blended fuel classified as B-11  
4 or higher.

5 (k) If the distribution percentage is greater than  
6 ninety-five percent, the rate shall be thirty-two and  
7 five-tenths cents for biodiesel blended fuel classified as B-11  
8 or higher and thirty-two and five-tenths cents for special  
9 fuel for diesel engines of motor vehicles other than biodiesel  
10 blended fuel classified as B-11 or higher.

11 (3) The rate of tax on special fuel for aircraft is ~~three~~  
12 five cents per gallon.

13 (4) On all other special fuel, unless otherwise specified in  
14 this section, the per gallon rate is the same as the motor fuel  
15 tax.

16 b. Indelible dye meeting United States environmental  
17 protection agency and internal revenue service regulations must  
18 be added to fuel before or upon withdrawal at a terminal or  
19 refinery rack for that fuel to be exempt from tax and the dyed  
20 fuel may be used only for an exempt purpose.

21 Sec. 10. Section 452A.3, subsections 7, 8, and 9, Code 2015,  
22 are amended to read as follows:

23 7. For liquefied petroleum gas used as a special fuel, the  
24 rate of tax shall be ~~twenty~~ thirty cents per gallon.

25 8. For compressed natural gas used as a special fuel, the  
26 rate of tax is ~~twenty-one~~ thirty-one cents per gallon.

27 9. For liquefied natural gas used as a special fuel, the  
28 rate of tax is ~~twenty-two~~ thirty-two and one-half cents per  
29 gallon.

30 Sec. 11. 2005 Iowa Acts, chapter 178, section 41, subsection  
31 3, is amended to read as follows:

32 3. REPEAL. This section is repealed effective July 1, ~~2015~~  
33 2025.

34 Sec. 12. LEGISLATIVE INTENT.

35 1. It is the intent of the general assembly that one

1 hundred percent of the revenue produced as a result of the  
2 increase in the excise taxes on motor fuel and certain special  
3 fuel enacted in this Act and credited to the secondary road  
4 fund or the farm-to-market road fund from the road use tax  
5 fund pursuant to section 312.2, subsection 1, shall be used  
6 exclusively for critical road and bridge construction projects  
7 that significantly extend the life of such assets.

8     2. It is the intent of the general assembly that the state  
9 department of transportation and the state transportation  
10 commission shall utilize one hundred percent of the revenue  
11 produced as a result of the increase in the excise taxes on  
12 motor fuel and certain special fuel enacted in this Act that  
13 is allocated to the department on critical road and bridge  
14 construction projects. The department shall identify the  
15 critical road and bridge construction projects funded with such  
16 revenue in the department's annual five-year transportation  
17 improvement program report.

18     3. The department of transportation shall identify ten  
19 million dollars in efficiencies for the fiscal year beginning  
20 July 1, 2015, and ten million dollars in efficiencies for  
21 the fiscal year beginning July 1, 2016, in addition to the  
22 identification of any other efficiencies as required by law.  
23 The department shall provide details of activities undertaken  
24 to implement these efficiencies in the annual "Road Use Tax  
25 Fund Efficiency Report" required by 2012 Iowa Acts, chapter  
26 1129, section 4, as amended by 2014 Iowa Acts, chapter 1123,  
27 section 21.

28     Sec. 13. INVENTORY TAX EXEMPTION. Notwithstanding  
29 section 452A.85, persons who have title to motor fuel, ethanol  
30 blended gasoline, undyed special fuel, compressed natural  
31 gas, liquefied natural gas, or liquefied petroleum gas in  
32 storage and held for sale on the effective date of an increase  
33 in the rate of excise tax imposed on motor fuel, ethanol  
34 blended gasoline, undyed special fuel, compressed natural gas,  
35 liquefied natural gas, or liquefied petroleum gas pursuant

1 to this Act shall not be subject to an inventory tax on the  
2 gallonage in storage as a result of the tax increases provided  
3 in this Act.

4     Sec. 14. EFFECTIVE UPON ENACTMENT. The following  
5 provisions of this Act, being deemed of immediate importance,  
6 take effect upon enactment:

7     1. The section of this Act enacting section 312.2A.

8     2. The section of this Act enacting section 315.4A.

9     3. The section of this Act enacting section 331.443A.

10    4. The section of this Act amending 2005 Iowa Acts, chapter  
11 178, section 41.

12     Sec. 15. EFFECTIVE DATES.

13     1. Except as otherwise provided in this Act, this Act  
14 takes effect the first day of the month following the month of  
15 enactment of this Act.

16     2. The section of this Act amending section 321E.14 takes  
17 effect January 1, 2016.